

Message Text

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42

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC IMMEDIATE 1943

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SUBJ: GATT AND ROMANIAN TARIFF

REF: (A) BUCH 959 (B) GENEVA 1579

1. EMBOFFS MET WITH MINISTRY OF FOREIGN TRADE (MFT) AND CUSTOMS OFFICIALS MARCH 10 AS SCHEDULED, AND HEARD MFT DIRECTOR GENERAL MUMITRESCU OUTLINE ROMANIA'S PROBLEMS WITH THE WORKING PARTY (WP) SOMEWHAT MORE PRECISELY THAN HERETOFORE.

(A) GOR BELIEVES WP HAS GONE BEYOND ITS MANDATE; HAVING LOST ITS ORIGINAL PURPOSE, IT HAS DEGENERATED INTO QUOTE DISCUSSIONS OF PHILOSOPHY UNQUOTE AND QUOTE A TRIAL OF INTENTIONS UNQUOTE.

(B) GOR BELIEVES ITS TARIFF MEETS GATT OBLIGATION (OF NON-DISCRIMINATORY TREATMENT, ETC); GOR IS NOT SEEKING TO PROVE THAT ITS FLEDGLING TARIFF IS NOW EQUAL TO THOSE OF OTHER COUNTRIES, BUT ALSO DOES NOT WANT TO EXCLUDE THE POSSIBILITY THAT IT WILL BECOME MORE NEARLY SO. (C) GOR BELIEVES ITS IMPORT COMMITMENT AND OTHER OBLIGATIONS OF ACCESSION ARE A SEPARATE ISSUE, TO BE DEALT

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WITH BY A SEPARATE WP IF AND WHEN GOR WANTS TO RENEGOTIATE THEM.

DUMITRESCU STRONGLY INDICATED THAT GOR WOULD PROBABLY NOT TRY TO TAKE THIS STEP UNTIL TARIFF AND BEEN REFINED AND IN FULL USE FOR SOME TIME -- PERHAPS A YEAR OR MORE FROM NOW. (D) MEANWHILE, ACCORDING TO DUMITRESCU, MANY GOR OFFICIALS CONSIDER THE TARIFF A BURDEN AND WANT TO REPEAL IT, RETURNING TO A PURER PLANNING SYSTEM, AND HE ASKED WHETHER WE PREFER THE PRESENT TARIFF TO NONE AT ALL.

2. COMMENT: EMBASSY WOULD APPRECIATE CLARIFICATION AS TO WHAT EXPLANATION WE CAN PROVIDE ROMANIANS RE US CURRENT OBJECTIVES IN WP AND WHAT WE WOULD DEEM SATISFACTORY WP OUTCOME. IF GENEVA'S POSITION PARA 3 REFTEL B REPRESENTS WASHINGTON THINKING WE CAN HARDLY ARGUE THAT WE ARE SEEKING TO LEARN MORE ABOUT THEIR TARIFF. IF WE DO NOT WISH TO RENEGOTIATE RUMANIAN ANNEX B COMMITMENT IT WOULD SEEM APPROPRIATE TO SIMPLY ACCEPT GOR VIEW THAT IT IS NOT THE FUNCTION OF PRESENT WP TO REEXAMINE THOSE OBLIGATIONS. IF WE WISH TO EXPRESS OUR FUNDAMENTAL SKEPTICISM ABOUT TARIFF IN EASTERN EUROPE, WE SEEM TO HAVE ACCOMPLISHED THAT FROM BUCHAREST IT WOULD APPEAR THAT GOR WILL GATHER MORE EVIDENCE BEFORE CHALLENGING OUR JUDGMENTS ON THIS A SECOND TIME. WE WONDER WHETHER, IN VIEW OF THE WP'S TERMS OF REFERENCE, THE WP'S REPORT TO THE COUNCIL COULD SIMPLY CONCLUDE BY NOTING THE INTRODUCTION OF THE GOR TARIFF AND ROMANIAN ASSURANCES CONCERNING ITS NON-DISCRIMINATORY APPLICATION.

3. THE COMPARISONS WITH THE HUNGARIAN TARIFF AND WITH NON-TARIFF INSTRUMENTS USED TO ALLOCATE LDC RESOURCES FOR IMPORTS CAME UP AGAIN. ALTHOUGH EMBOFFS MADE POINT PARA 2 REFTEL B, GOR STILL INSISTS THAT HUNGARY ACCEDED TO GATT WITHOUT AN IMPORT COMMITMENT ON BASIS OF ITS TARIFF, WHICH ROMANIANS BELIEVE DISCRIMINATES AGAINST MOST GATT COUNTRIES. EMBASSY WOULD STILL APPRECIATE GUIDA WE D ON THESE POINTS.

4. EMBASSY SHARES DEPARTMENT'S CONCERN THAT REDUCTIONS IN ROMANIAN TARIFF MAY NOT OFFER MTN CONCESSIONS EQUIVALENT TO OURS. BUT IT IS NOT CLEAR WHAT TYPE OF CONCESSIONS WE SEEK, ESPECIALLY IF WE ACKNOWLEDGE ROMANIA'S LDC STATUS. WE DOUBT THAT ADDITIONAL IMPORT COMMITMENTS, FOR EXAMPLE, WILL CREATE GREATER OPPORTUNITIES HERE THAN TARIFF CONCESSIONS. AT THE SAME TIME, THERE MAY BE SOME LIMITED OFFICIAL USE

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MERIT IN ENCOURAGING ROMANIA TO USE AND DEVELOP ITS TARIFF AS AN INSTRUMENT OF ECONOMIC POLICY. WHILE WE CANNOT JUDGE THE DEGREE OF OFFICIAL OPPOSITION, GOR IS ACUTELY SENSITIVE TO ARGUMENTS THAT WESTERN INNOVATIONS HERE (LIKE THE TARIFF OR FOREIGN JOINT VENTURES) ARE NOT ACCEPTABLE IN THE WEST.
BARNES

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